



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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FOR IMMEDIATE RELEASE

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**FIVE ARRESTED FOR SELLING
COUNTERFEIT CIGARETTES AND TAX STAMPS**

John Chiang, Chair of the California State Board of Equalization (BOE), today announced that Orange County residents Francisco Israel Porchas Simancas and Arturo Ayon Martinez, and Los Angeles County residents Zhen Po Yang, Jose Angel Arbizo and Jose Jesus Uribe were arrested on October 19, 2005 by Los Angeles County Sheriff's deputies for selling counterfeit cigarette stamps and counterfeit cigarettes.

"Enforcement against cigarette and tobacco tax evasion is critical," said BOE Chair John Chiang, "because it is a crime that robs funding for health services, childhood development, and breast cancer research in California."

Officers seized approximately 18,000 cartons containing 3.6 million counterfeit and gray market cigarettes, along with 103,000 counterfeit California cigarette stamps and over 200,000 counterfeit cigarette stamps for the states of Arizona, Nevada and Texas.

The California cigarette tax stamps alone represent over \$89,000 in excise tax revenue that would have been lost. Following a redesign of the tax stamp in early 2005, BOE agents were able to use high-tech devices to scan the stamps and determine they were counterfeit. While the stamp's image was copied, embedded security features were not compromised.

The Los Angeles County Sheriffs Department, Arizona Department of Revenue, Phoenix Police Department, and California BOE conducted a joint investigation of the trafficking ring that led them to search six locations throughout Los Angeles and Orange Counties.

Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

The five-member Board of Equalization is a publicly elected tax board. The Board collects more than \$44 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

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